



# Audit Report



OIG-04-002

FINANCIAL MANAGEMENT: Department of the Treasury  
Payments for Water and Sewer Services Provided by the District  
of Columbia Were Made Timely for the First Quarter of  
Fiscal Year 2004

October 30, 2003

Office of  
Inspector General

Department of the Treasury



# Contents

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<b>Report of the Office of Inspector General .....</b>	<b>1</b>
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## **Appendix**

Report Distribution .....	5
---------------------------	---

## **Abbreviations**

BEP	Bureau of Engraving and Printing
DC	District of Columbia
DC WASA	District of Columbia Water and Sewer Authority
DO	Departmental Offices
FMS	Financial Management Service
IPAC	Intra-governmental Payment and Collection System
OIG	Office of Inspector General
OTS	Office of Thrift Supervision



*The Department of the Treasury  
Office of Inspector General*

The Honorable Ted Stevens  
Chairman  
The Honorable Robert C. Byrd  
Ranking Minority Member  
Committee on Appropriations  
United States Senate

The Honorable C.W. Bill Young  
Chairman  
The Honorable David R. Obey  
Ranking Minority Member  
Committee on Appropriations  
House of Representatives

The District of Columbia (DC) Public Works Act of 1954 (P.L. 83-364), as amended by the Consolidated Appropriations Act of 2001 (P.L. 106-554) (the Act), requires federal agencies make timely payments for DC water and sewer services. The Act also requires the inspector general of each Federal department, establishment, or agency receiving water and sewer services from DC submit a quarterly report to the Committees on Appropriations of the House of Representatives and Senate analyzing the promptness of payment with respect to the water and sewer services furnished to such department, establishment, or agency. Management of the Treasury bureaus that utilize DC water and sewer services are responsible for timely payment of such services.

Treasury has three bureaus that receive water and sewer services from DC and are billed directly by the DC Water and Sewer Authority (DC WASA): Bureau of Engraving and Printing (BEP), the Office of Thrift Supervision (OTS), and Departmental Offices (DO). The DC WASA provides each bureau with a projected billing

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estimate for the fiscal year, and the Financial Management Service (FMS) collects quarterly payments via the Intra-governmental Payment and Collection (IPAC) system from the bureau. The bills for the water and sewer services provided by DC for other Treasury bureaus are included in their rental payments.

### **Agreed-Upon Procedures and Findings**

We performed four agreed-upon procedures to assist you in evaluating Treasury's compliance with the Act for the first quarter of fiscal year 2004. The overall objective of the agreed-upon procedures was to analyze the Treasury's promptness in making payments for the water and sewer services received from DC for the first quarter of fiscal year 2004.

We performed the procedures in accordance with generally accepted government auditing standards, which incorporate the attestation standards established by the American Institute of Certified Public Accountants. These standards provide guidance when performing and reporting the findings of agreed-upon procedures for evaluating compliance with specified requirements. The procedures and our findings are enumerated below:

#### Procedure 1

Through inquiry of officials of FMS, determine if there were changes to the process by which FMS bills and collects for water and sewer services since July 11, 2003, the date of our report for the fourth quarter of fiscal year 2003.

#### Finding

We determined, through inquiry of FMS officials, that there were changes to the process by which FMS bills and collects for water and sewer services. Specifically, FMS no longer sends billing letters as the three Treasury bureaus are billed directly by DC WASA.

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## Procedure 2

Through inquiry of FMS officials, determine if there were any amendments to the projected billing estimate for fiscal year 2004 issued by DC WASA on April 15, 2002.

## Finding

We determined, through inquiry of FMS officials, that there were no amendments to the projected billing estimate for fiscal year 2004 issued by DC WASA on April 15, 2002.

## Procedure 3

Obtain documentation from FMS supporting the payments made by the Treasury entities for DC water and sewer services for the first quarter of fiscal year 2004.

## Finding

We obtained IPAC reports from FMS supporting the payments made by the Treasury entities for DC water and sewer services for the first quarter of fiscal year 2004.

## Procedure 4

Inspect the documentation provided by FMS for the first quarter of fiscal year 2004 to determine if payments were made in full (equal to one-fourth of the annual estimate) on the first day of the fiscal quarter in accordance with the DC WASA's projected billing estimate.

## Finding

We compared the amounts and dates paid from the IPAC reports to the projected billing estimate and determined that

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payments for the first quarter water and sewer services were made in full (equal to one-fourth of the annual estimate) on October 1, 2003, the first day of the fiscal quarter, in accordance with the DC WASA's projected billing estimate, without exception.

The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been prepared or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Congress, Treasury, BEP, DO, FMS, and OTS, and is not intended to be and should not be used by anyone other than these specified parties.

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Should you have any questions, please contact me at (202) 927-5792, or a member of your staff may contact Donald R. Kassel, Director, Banking and Fiscal Service Audit, at (202) 927-6512. The major OIG contributors to this report were Mr. Kassel; Myung Han, Economist; and Mark Levitt, Audit Manager.

Robert A. Taylor, Jr.  
Deputy Assistant Inspector General for Program Audits  
October 21, 2003



**Financial Management Service**

Commissioner  
Assistant Commissioner, Financial Operations

**Bureau of Engraving and Printing**

Director

**Departmental Offices**

Deputy Chief Financial Officer

**Office of Thrift Supervision**

Director